

DOCKET SECTION

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 1997

Docket No. R97-1

ERRATA TO INTERROGATORY ANSWERS OF WITNESS CRUM:
UPS/USPS-T28-14 & 33 AND DMA/USPS-T28-3
(October 6, 1997)

The United States Postal Service hereby provides revised answers of witness Crum to three interrogatory responses previously filed: UPS/USPS-T28-14 & 33 AND DMA/USPS-T28-3. The revisions are shown in bold.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



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October 6, 1997

U.S. POSTAL SERVICE WITNESS CHARLES L. CRUM
RESPONSE TO INTERROGATORIES
OF UNITED PARCEL SERVICE

UPS/USPS-T28-14. Refer to Exhibit G, Part 1.

(a) Confirm that you include the costs of crossdocking and loading pallets at the SCF in your calculation of After-BMC Downstream Costs of DSCF Prepared Parcel Post.

(b) Confirm that you do not include the costs of unloading pallets at the SCF in Part I of your calculation of After-BMC Downstream Costs of DSCF Prepared Parcel Post.

(c) Will the pallets be unloaded at the SCF? If so, why are those costs not included?

RESPONSE

a. I include the costs of crossdocking and loading properly prepared sacks and GPMCs, not pallets.

b. Confirmed.

c. My cost analysis assumes that mailers will unload their properly prepared DSCF pieces.

U.S. POSTAL SERVICE WITNESS CHARLES L. CRUM
RESPONSE TO INTERROGATORIES
OF UNITED PARCEL SERVICE

UPS/USPS-T28-33. Please refer to Exhibit C of your testimony. Explain why ASF costs are not excluded from the calculation of Mail Processing Costs at Non-BMC Facilities ("FY 1996 Mail Processing Costs") in Exhibit C.

RESPONSE

Please see my response to UPS/USPS-T28-24. With the new volume variability/cost pool approach, segregating ASF costs would be more difficult and not consistent with that new approach. ASFs are a unique facility in that they can act both as SCFs (plants) and also as BMCs. To the extent that ASFs have outgoing mail processing costs, they are acting more like SCFs and feeding parcels on to the BMC. Those costs are properly included in the category of those avoided by DBMC pieces. Additionally, the Commission methodology excluded both ASF costs and ASF volumes. I include both, making any potential unit cost difference minimal regardless.

U. S. POSTAL SERVICE WITNESS CHARLES L. CRUM
RESPONSE TO INTERROGATORIES OF THE
DIRECT MARKETING ASSOCIATION, INC.

DMA/USPS-T28-3. Please refer to page 9 of your direct testimony in MC97-2 (USPS-T-7), in which you stated that weight may have an impact on cost differences within Standard Mail (A) nonletters and that you analyzed cost differences within the Carrier Route category because you were able to "isolate the cost driving effect of shape as opposed to weight" within that category. Conversely, in your direct testimony in R97-1 (USPS-T-28) (page 11, lines 16-17), you "combine[d] Regular and Enhanced Carrier Route as well as Regular Rate and Nonprofit costs and volumes for purposes of [your] analysis."

- (a) Did you similarly control for the effect of weight for all Standard Mail (A) subclasses in your testimony in R97-1?
- (b) If your answer to sub-part (a) is "no," please explain why you did not control for weight and how this absence of control affects your analysis of shape-based cost differences between flats and parcels in R97-1.
- (c) If your answer to sub-part (a) is "yes," please explain how you controlled for the effect of weight.

RESPONSE

- a. I did not explicitly control for any potential "effect of weight".
- b. There is very little evidence that weight per se has a significant impact on Standard Mail (A) **parcel** costs, particularly in the range of weights discussed. I adopted the "combine[d]" approach I use in R97-1 because, as I state in my testimony, "My costs and volumes cover the same full range ... of pieces that witness Moeller's surcharge will impact." While I completely believe in both the logic and validity of the 'Carrier Route' approach used in MC97-2, Enhanced

DECLARATION

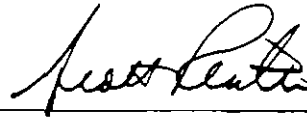
I, Charles L. Crum, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

Charles L. Crum

Dated: 6 OCTOBER 1997

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

A handwritten signature in cursive script, appearing to read "Scott L. Reiter", is written over a horizontal line.

Scott L. Reiter

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